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Comprehensive economic reanalysis of Delaware River Main Channel Deepening Project finds project to be justified for construction

WASHINGTON (December 18, 2002) -- The United States Army Corps of Engineers announced today after a comprehensive economic reanalysis of the Delaware River Main Channel Deepening Project that the project is justified for construction.

The conclusion of the reanalysis is that the project will yield a net benefit of \$1.18 for every \$1 spent on the project.

Maj. Gen. Robert Griffin, director of Civil Works for USACE, said, "Our comprehensive economic reanalysis shows that the Delaware River Main Channel Deepening Project is a sound investment for the nation.

"The reanalysis has been thoroughly reviewed by an external independent panel. That panel determined the reanalysis to be based on sound economics. I would also add that this reanalysis has been subjected to a level of scrutiny and independent review that is unprecedented on a Corps project."

Work on the Delaware project was suspended by Griffin on April 22, 2002, following a briefing by the General Accounting Office that criticized a 1998 USACE economic reevaluation of the project.

The reanalysis takes into account many changes in the dynamics of the Port of Philadelphia that have occurred since the original 1992 project feasibility study. These changes include a greater diversity of products transported to the port, such as furnace slag and steel imports, that were not factors in 1992.

Griffin added, "We have met the conditions placed upon us for this reanalysis. GAO criticism of our 1998 report was well founded, and I believe today's reanalysis is much stronger as a result of their report.

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“We expect this economic reanalysis to be looked at by other organizations interested in the Delaware Deepening Project, and we believe this reanalysis will stand up to additional scrutiny as a result of the thorough review by the external independent review panel.”

USACE’s Philadelphia District contracted an external economic consulting firm to perform the reanalysis while the district provided quality control on the process. Concurrently, two other external reviewers performed independent technical review of the analysis while the North Atlantic Division, Ft. Hamilton, NY, provided oversight and quality assurance.

USACE headquarters in Washington, D.C., then directed the Corps’ Institute for Water Resources to engage an external independent company to review all documents, assumptions, economic models, and actions leading to the preparation of the report. This company constituted a panel comprised of three distinguished experts in economics - two professors with expertise in national economic development and one navigation expert from private industry. Following their comments on the draft, USACE addressed their concerns and produced the final reanalysis for their review and approval.

The Delaware River Main Channel Deepening Project was congressionally authorized in 1992 after completion of the project’s Feasibility Study and Environmental Impact Study. It first received Construction, General appropriations in 1999 and has been included in the federal budget each year since.

The project will deepen the existing 40-foot project to 45 feet, extending 102.5 miles from the mouth of the Delaware River to Philadelphia.

A copy of the Comprehensive Economic Reanalysis for the Delaware River Main Channel Deepening Project can be found at
http://www.usace.army.mil/inet/functions/cw/hot_topics/del_deep_econ.htm